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C O N F I D E N T I A L SAN SALVADOR 002636

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SUBJECT: AMBASSADOR, INL DAS FARRAR DISCUSS CRIME AND INVESTMENT WITH VICE PRESIDENT

Classified By: CDA Michael A. Butler for reasons 1.4(b) & (d)

1. (C) Summary: On September 20, the Ambassador and INL DAS Jonathan Farrar discussed the relationship between crime and economic development with Vice President Ana Vilma de Escobar. Vice President Escobar outlined the government's efforts to promote investment and economic growth, emphasizing that El Salvador was "open for business", and achieving success in attracting investment. The Ambassador urged more attention on the part of both the GOES and private sector at combating crime, which he identified as a serious obstacle to economic development. While Escobar did not appear to share USG views that crime was the major obstacle to creating jobs and prosperity, she conceded that gang-related crime is one of the most serious problems facing the country, and added that the GOES is working on a plan to combat the situation successfully. The Ambassador also underlined the importance of enacting a judicial criminal code of evidence. Escobar said she appreciated USG concern and advice. End Summary.

2. (C) The Ambassador hosted a lunch for the Vice President and visiting INL DAS Farrar to talk about the impact of crime on investment decisions and growth, and GOES plans to address the issue. Also present were DCM Michael Butler, USAID director Mark Silverman, Economic Counselor Jessica Webster, and National Investment Promotion Agency of El Salvador (PROESA) executive director Patricia Figueroa. The Ambassador opened the discussion by noting that security is one of the barriers companies perceive regarding investing in El Salvador. Escobar stated President Saca has the connections with the private sector and leadership to promote economic development, but the government is not as certain of the right steps to take regarding crime. She added she believes that investors make their preliminary determination regarding security as one of the first steps in their decision making. If investors reach the stage of visiting El Salvador, few companies continue to see security as an obstacle, having seen the reality of the situation.

3. (C) Escobar noted that the GOES has decided to focus their investment efforts on companies in specific sectors: auto manufacturers, textiles, and tourism, to increase the rate of rural employment and diversify the economy. She added that the Salvadoran banking system was focused on commercial development, and that it was difficult to obtain financing for industrial development projects like textile mills.

4. (C) Escobar cited gangs as the number one crime problem and affirmed that the situation is becoming increasingly difficult because of the connections between gang members and drug trafficking. She added that she is pleased with police efforts against gangs, but acknowledged they lack the resources to adequately combat the problem. She also stated that the judiciary remains the weakest link in arresting, prosecuting, and incarcerating gang members.

5. (C) The Ambassador suggested that crime, corruption and the lack of resources for education and health are three major problems facing El Salvador. He stated that the keys to combating all three problems are increasing tax collection, increasing GDP growth, and creating jobs. He suggested the possibility of President Saca taking a more active leadership in the anti-crime initiatives and emphasized the importance of enacting a criminal code of evidence. The Ambassador also stressed the need to develop a viable witness protection program. Standardized rules of evidence and witness protection would lead to more successful convictions of gang members and other criminals.

6. (C) Escobar emphasized the need to change the culture of the people of El Salvador, adding that people needed to believe they would be safe if they came forward to testify, and that Salvadorans need to participate more in the fight against crime. The recent case of the killing of the bodyguard of Elmer Charlaix, personal secretary to the President, during an attempted robbery at his home could be a catalyst. She mentioned the possibility of President Saca trying to enlist the business community in becoming more involved in community projects including crime prevention, but she did not seem particularly emphatic regarding the likelihood of any such initiative. Escobar further noted the prior success of the involvement of the private sector in

combating kidnapping. She stated that the GOES needs to set priorities regarding economic development and crime prevention, but that the situation is under control. She said that the GOES appreciates the U.S. interest in the development of her country, and that our advice is valuable to her government.

17. (U) DAS Farrar cleared cable before departure.  
Butler